



State of California
Employment Training Panel

Training Proposal for:
Pilkington North America, Inc.

Agreement Number: ET09-0294

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **Sacramento**

Analyst: K. Ohta

PROJECT PROFILE

Contract

Type: Priority/Retrainee

Industry

Sector(s): Manufacturing

Counties

Served: San Joaquin, Sacramento, and Stanislaus

Repeat

Contractor: Yes No

Union(s): Yes No

United Steelworkers Local Union 418G

Priority

Industry: Yes No

No. Employees in CA: 250

No. Employees Worldwide: 36,000

Turnover Rate %	Manager/Supervisor %
15%	0%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
\$131,760	\$0	\$131,760

In-Kind Contribution
\$145,000

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Advanced Technology	11	24 - 200	- 0 -	\$3,600	\$16.85
				Weighted Avg: 200			
2	Priority/Retrainee	Advanced Technology, Business Skills, Continuous Improvement, Hazardous Materials, Manufacturing Skills	64	24 - 200	- 0 -	\$1,440	\$13.85
				Weighted Avg: 80			

Minimum Wage by County: \$12.85 for San Joaquin and Stanislaus counties; \$13.58 for Sacramento County

Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: Yes No

Health benefits are not applicable because the employer is already paying more than the ETP Minimum Wage.

Other Benefits: Paid Vacation and Holidays, 401K and matching, profit sharing, and quarterly and year end attendance bonuses

Wage Range by Occupation	
Occupation Title	Wage Range
Chemical Engineers	
Electrical	
Maintenance	
Mechanics	
Operators	
Managers	

INTRODUCTION

In this proposal, Pilkington North America, Inc. (PNA) seeks funding for retraining as outlined below:

Founded in 1930, two Ohio glassmakers - Edward Ford Plate Glass Company and Libby-Owens Sheet Glass Company - merged to form the Libby-Owens-Ford Company in Toledo. In 1986 Pilkington Plc, a major English glassmaker, purchased the entire glass division and the Libby-Owens-Ford name.

The company was renamed Pilkington North America in 2000 and was acquired by the NSG Group of Tokyo (NSG Group) in 2006. Today, the flat glass business of the NSG Group,

operating under the PNA brand, has the widest reach of any glassmaker with manufacturing operations in 27 countries and sales in 130 countries.

PNA operates manufacturing locations which produce large volumes of high quality glass. To maintain the most cost effective operations, the manufacturing plants are located to serve broad geographic markets, often times including other countries. ETP-funded training for Job Number 2 will primarily take place at the PNA facility in Lathrop, however, some training may take place in Sacramento, San Joaquin, and Stanislaus counties.

Due to the investment required at each location, long term profitability is vital. In markets where manufacturing costs are high, as in California, many basic products such as mirrors, picture frames, windows, aquariums do not generate enough revenue to support local operations. This is due to the routine supply from low cost parts of the world such as Asia.

New Green Product Line

To maintain viability of the Lathrop facility, a significant investment is being considered to give it the capability to produce specialty glass for the photovoltaic (PV) market or solar panel industry. PNA has proprietary technology which places a thin coating on float glass, making the glass electrically conductive. This coating or transparent conducting oxide coating (TCO) has been identified as perfectly suited for the Applied Materials process which produces cost-effective solar panels. Companies such as Opti-Solar are going to use this technology to manufacture power plant size solar farms, many of which have already been ordered. It is PNA's desire to expand its manufacturing capacity of TCO at the Lathrop site in order to minimize the total carbon footprint of the solar panel manufacturing process. With coating capacity literally a few miles down the road from Opti-Solar's new manufacturing site, transportation is minimized from other parts of the world into the State.

PNA is eligible for standard retraining funding and priority industry reimbursement under Title 22, California Code of Regulations (CCR), Section 4416 (i), as a manufacturer identified under the North American Industrial Classification System.

Nearly half of the energy cost of heating or cooling a home or building can be recovered simply by using heat reflective coatings on glass windows. The technology being considered for the Lathrop manufacturing plant will dramatically reduce the carbon foot print of the end use products it supplies.

Request for Out-of-State Training

PNA company representatives have selected 11 employees (Chemical Engineers, Operators, Maintenance, and Managers) to receive 350 hours of only Advanced Technology training at the company's facility in Ottawa, Illinois. This training was developed to assist in the roll-out of new equipment and technology that will be installed at the Lathrop facility between November 2008 and July 2009. The PNA coating process is proprietary technology. The employer's ability to implement the new coating process is contingent upon employees being properly trained and able to go through the commissioning process which validates that the equipment has been installed properly and the process functions effectively.

This program will total 350 hours per trainee over an 8 month period, consisting of both classroom and productive laboratory training. PNA will provide 150 hours of this training at its own expense and is asking ETP to supplement this effort by funding the remaining 200 hours of training in Ottawa. Due to the high number of training hours, the ETP-funded cost of training will be \$3,600 per trainee.

According to company representatives, one or two employees from the different occupations at a time will be sent to Ottawa, Illinois to receive the skills necessary for the new equipment and technology at the Lathrop facility. Advanced Technology training will be provided in various methods, there will be reading or work instructions and other materials; however, the majority of the training will be hands-on (no more than 10% of the total training hours) training with a Lathrop employee mirroring an Ottawa employee. The coating process is very technical and complicated. When an entry level Engineer, Process Engineer, or Process Supervisor is hired, the employee will not work on his/her own for a period of no less than six months due to the complicated manufacturing process.

PNA has scheduled for three Managers (Coating and Process) to work in Lathrop for a period of 18 months beginning in March 2009. The supervisors will work in Lathrop to ensure back up and additional training skills are received by inexperienced Coating/Process Supervisors that are not part of the 11 employees to receive training.

By the time the trainees have completed training, it will be time for the Lathrop facility to shut down production to install the new equipment and technology and provide the necessary training. The 11 trainees in Job Number 1 will be brought back to teach the remaining employees at the Lathrop facility during and after the installation of the new equipment.

The training required will take over a year and will consist of traveling to these existing operations to fully understand the highly technical nature of the unique coating operation. In addition to the training related to the actual operation of the coating equipment, the entire plant population will need to be trained on the chemicals being used in the facility and their proper handling.

Note: ETP reimbursement is capped at 11 trainees for Job Number 1.

For these reasons, staff recommends approving the out-of-state training delivery for 11 trainees in Job Number 1.

PROJECT DETAILS

PNA has recently purchased \$105,000,000 in new equipment and technology. According to company representatives, the training listed below is not included in the purchase of the equipment.

PNA is proposing to train 11 full-time workers in Advanced Technology training and 64 full-time workers in a variety of skills such as business skills, continuous improvement, hazardous materials, and manufacturing skills. These training components will continue to move the company to a high performance workplace by improving the skill base of its employees and providing the highest level of customer service and product quality. Trainees will receive one or more of the following types of training:

Business Skills training will continue to provide customer service skills and establish improved vendor relationships. This training will improve overall company performance.

Continuous Improvement will provide employees with the ability to make positive and lasting changes in work processes and the Kaizen method under Manufacturing Skills with the goal of improving efficiencies and exceeding quality standards.

Hazardous Materials will provide Hazardous Materials training to all employees in the topics such as Chemical Cleaning and Handling. Trainees will also receive training in new CVD coating; a six oil cooled bidirectional reactor coater; multiple chemical distribution systems; a steam distribution system; a pollution control; consist of elective catalytic reduction (SCR) system using ammonia and the reductant; a semi-dry scrubber using alkali as the reactant; and an electrostatic precipitator particulate removal system. All Hazardous Materials training is above and beyond CAL-OSHA requirements.

Manufacturing Skills training will be provided which will focus on manufacturing skills training that pertains to the new equipment operation and maintenance; circuit cooling water system for the glass making furnace; distributed computer control system or DCS on the glass melting furnace; computer controlled electric lehr; and the wareroom cutting and packaging area will be retooled with bottom handling equipment packaging equipment. This training will include technical aspects of equipment and automation employees need in order to operate and maintain the new equipment.

According to company representatives, PNA will shut down all production between April 2009 and July 2009 to install the new equipment and technology and to provide the necessary training to the 64 trainees in Job Number 2.

Advanced Technology

Advanced Technology (AT) training, is requested for up to 200 hours of training in Job Number 1 for 11 trainees as discussed above.

It is also requested for between 24 – 40 hours of training in Job Number 2 for 64 trainees due to the highly sophisticated equipment to be used during training. Trainees will learn new computerized equipment, troubleshooting, and how to identify problems/issues that are not physically visible. According to the company representatives, training will focus on technical production techniques and sophisticated computer-operated machinery.

The company has customized the AT curriculum to the occupations being trained, as seen in Exhibit B.

Due to the technical nature of the training, the class/lab trainer-to-trainee ratio will be no more than 1:10. According to representatives, trainees will be using sensitive equipment and handling hazardous chemicals. To ensure that the training content is understood clearly by the trainees, the training requires small training groups.

Commitment to Training

PNA represents that ETP funds will not displace the existing financial commitment to training. Indeed, PNA anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

PNA represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

PNA has a \$61,400 training budget for the facility included in this proposal. The company currently provides 5-day orientation, Cal-OSHA, safety, sexual harassment prevention, records management, lock-out-tag-out, and forklift training. Training is also provided on an as-needed

basis. According to company representatives, training would occur regardless of the ETP funding, but training would be limited without the assistance of ETP.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal, with 11 trainees in Job Number 1 receiving out-of-state at training at the company's Ottawa, Illinois facility.

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

N/A

Exhibit B: Menu Curriculum

Class/Lab Hours

24 - 200

Job Number 1 Only

Advanced Technology

- Sophisticated Computer Operated Machinery
- Computer Analysis
- Glass Coating Operations
- Chemical Operations

Class/Lab Hours

24 - 40

Job Number 2 Only

Advanced Technology

- Sophisticated Computer Operated Machinery
- PLC Programming

Class/Lab Hours

24 - 200

Job Number 2 Only

Business Skills

- Communications
- Product Sales
- Customer Relations & Needs
- Product Knowledge

Continuous Improvement

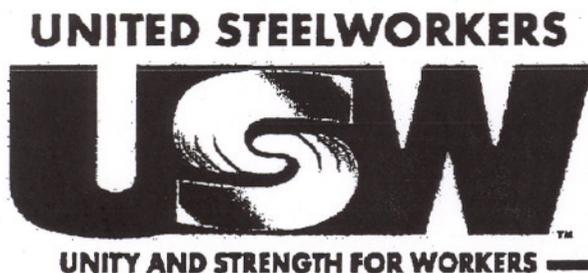
- Kaizen
- 5S
- Leadership
- Production Scheduling
- Production Operation/Workflow
- Process Improvement

Hazardous Materials

- Hazardous Material Handling
- Hazardous Cleaning/Handling

Manufacturing Skills

- Production Operation
- Parts & Production
- Equipment Operation
- Assembly Procedures
- Inventory Control
- Warehousing
- Manufacturing Practices
- Drills
- Grinders
- Lathes



August 1, 2008

Employment Training Panel
Sacramento, CA

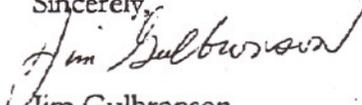
Re: Pilkington NA application to ETP

To: Who it may concern,

The United Steelworkers Local Union 418G in Lathrop, CA is in full support of the Pilkington NA application for State training funds. With the proposed manufacturing upgrades to the facility, the amount of training required is unprecedented. It's in the best interest of the Union and Company, that we train the employees properly to enable a successful start up of operations. With the proper training, there will be greater awareness of the new processes being installed, which will ensure the safety of employees and product quality.

If you have any questions, please feel free to contact me at 209-649-8647.

Sincerely,



Jim Gulbranson
President Local 418G

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

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